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CC Docket No. 96-45

In the Matter of

Federal-State Joint Board  
on Universal Service

**REPLY COMMENTS OF CENTENNIAL CELLULAR CORPORATION**

**CENTENNIAL CELLULAR CORPORATION**

Christopher W. Savage  
Navid C. Haghighi  
**COLE, RAYWID & BRAVERMAN, L.L.P.**  
1919 Pennsylvania Avenue, N.W.  
Suite 200  
Washington, D.C. 20006  
202-659-9750

Its Attorneys

January 10, 1997

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**INTRODUCTION AND SUMMARY**

Centennial Cellular Corporation holds the "B" block PCS license in the Puerto Rico-U.S. Virgin Islands Major Trading Area. Centennial Cellular also owns Lambda Communications, Inc., a competitive local exchange carrier operating in Puerto Rico. Centennial and Lambda (collectively, "Centennial") have both invested heavily in the infrastructure needed to provide telecommunications service to residence and business customers in Puerto Rico.

Centennial faces immediate and direct competition for all of its services from the Puerto Rico Telephone Company ("PRTC"), the incumbent monopolist local exchange carrier ("LEC") in Puerto Rico. PRTC operates landline and cellular networks throughout the Commonwealth, and offers both switched and dedicated access services for intra-island and interstate traffic.

In addition to the normal advantages of incumbency, PRTC — unique among Tier 1 LECs — is not a private business, but is instead owned by the government of Puerto Rico. As a government bureaucracy, PRTC is necessarily insulated from the commercial incentives for efficient, businesslike operations facing normal LECs. In part for this reason, Centennial welcomes the opportunity to compete fairly with PRTC. Centennial is confident that in a fair

competitive fight, its efficient operations and state-of-the-art plant, combined with aggressive, competitive marketing efforts, will provide Puerto Rican residents and businesses with competitively priced, high-quality telecommunications services and allow it to make substantial inroads on PRTC's present near-100% market share.

Centennial is filing these Reply Comments primarily to reply to PRTC. Centennial is concerned that PRTC is trying to manipulate the universal service support system in ways that would negatively affect the public interest and at the same time unfairly impede Centennial's ability to compete.

First, PRTC claims that the pro-competitive policies of the Telecommunications Act of 1996, as implemented in the Commission's regulatory "triad" of interconnection regulations, access charge reform, and universal service reform, will place upward pressure on PRTC's rates. Centennial submits that the real effect of local exchange competition, rational access charge pricing, and equitable, competitively neutral universal service funding will be to place *downward* pressure on PRTC's prices, and upward pressure on its service *quality*. As PRTC's competitors offer better service at lower prices, PRTC will be forced to do the same — even if it means sacrificing its comfortable, inefficient, monopolistic ways — or lose customers to its more efficient rivals. Either way, as competition brings prices down, universal service objectives will be fostered, not hindered.

Second, PRTC — a government-owned Tier 1 LEC, providing more than 1,000,000 telephone lines to a population of more than 3,600,000 people — wants to be treated like a small, rural LEC and receive universal service support payments based on its embedded costs. PRTC claims that its costs will necessarily be both higher than average, and not subject to reasonable estimation in the generally applicable proxy cost model, because Puerto Rico is "insular." But while PRTC is quick to trumpet its high loop costs, it makes no quantitative effort to show that those high costs result from the island's separation from the mainland. In fact, in light of Puerto Rico's vibrant and growing economy and its easy access to the mainland, PRTC's "insularity" claim rings hollow. Centennial submits that a large portion of PRTC's high costs can

be explained by the inefficiencies in PRTC's own operations. As a result, allowing PRTC to receive universal service support based on its embedded costs would do nothing to eliminate the incentives for inefficiency inherent in such a funding mechanism, and would provide an existing monopolist with a continuing supply of funds to beat back competitors.

Third, PRTC wants the average revenue per line component of the support calculation to be adjusted downward — leading to higher payments — by virtue of the current low subscribership levels in Puerto Rico. From the perspective of a firm like Centennial — which can only obtain customers by providing good service at competitive prices — PRTC's argument seems counter-intuitive: PRTC wants to be *rewarded* for its own inability to attract customers. Centennial agrees that the relatively low subscribership levels in Puerto Rico are a cause for concern. To address that concern, the Commission should seek information on the quality of PRTC's services (including waiting time to get lines installed and responsiveness to repair calls) and on whether PRTC has deployed the most cost-effective technologies to serve the more rural areas of the island. Until PRTC has established that low subscribership levels are not of its own making, however, it would make no sense to pour more money into the entity that has been unable to bring subscribership to acceptable levels.

Finally, other commenters have noted the unfairness of requiring commercial mobile radio service ("CMRS") providers to contribute to universal service funding when many of them will not be in a position to offer the full panoply of "universal service" services for some time, if at all. This dilemma can be resolved — and some otherwise disparate statutory provisions harmonized — by clarifying the application of Section 332(c)(3)(A)'s exemption from universal service support for CMRS providers, the "de minimis" exemption in Section 254(d), and the criteria for designating "eligible telecommunications carriers" in Section 214(e). Specifically, the Commission should hold that until a CMRS provider has been found to be "a substitute for landline telephone exchange service for a substantial portion of [a state's] communications" under Section 332(c)(3)(A), the provider should be treated as a "de minimis" entity, exempt from universal service contributions under Section 254(d). Under this approach, a CMRS provider with a robust menu of services could qualify as an "eligible

telecommunications carrier" under Section 214(e) and receive universal service funding on a competitively neutral basis as soon as it was capable of serving an appropriate geographic area. The CMRS provider would be required to make universal service contributions when its operations achieved a sufficiently high level of penetration to meet the test of Section 332(c)(3)(A).

**I. THE INTRODUCTION OF LOCAL EXCHANGE COMPETITION WILL PROMOTE, NOT HINDER, THE ACHIEVEMENT OF UNIVERSAL SERVICE OBJECTIVES.**

As noted above, PRTC is not merely an incumbent LEC monopolist. It is an incumbent LEC monopolist that is actually an agency of the government of the Commonwealth of Puerto Rico. It is hard to imagine any telecommunications entity in the United States being more divorced from normal business incentives to cut costs, provide good service, and meet its customer's needs.

It is not surprising, therefore, that PRTC views the advent of meaningful competition from firms like Centennial, Lambda and others with alarm. For the first time in decades, the market will be able to provide a check on the reasonableness of PRTC's investment decisions and the efficiency and prudence of its management. Centennial's experience with PRTC in matters relating to interconnection rates and practices, cooperation with competing carriers to provide good service to customers, and pricing decisions embodied in federal and Commonwealth tariffs suggests that PRTC is highly motivated to resist having to confront true competition for as long as possible.

In the context of this proceeding, PRTC complains that the introduction of competition under the terms of the 1996 Telecommunications Act will place "upward pressure" on its residential rates.<sup>1</sup> Centennial submits that, contrary to PRTC's suggestion, the real effect

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<sup>1</sup> Comments of Puerto Rico Telephone Company, CC Docket No. 96-45 (December 19, 1996) ("PRTC Comments") at 10.

of local exchange competition, combined with equitable, competitively neutral universal service funding, will not be to place *upward* pressure on PRTC's rates. Instead, competition will force rates *down*. Indeed, in the intra-island toll market, when PRTC began to face competition, its rates fell by more than 45%.<sup>2</sup> Centennial would not expect rate decreases of this magnitude in the market for basic local service, but there is no reason to suspect that PRTC would not be able to respond to competition in that market, just as it has in the long distance market.

Of course, as competition forces end user rates down, this will place significant pressure on PRTC to lower its costs and improve the quality of its services — possibilities that appear never to have occurred to PRTC. It may be difficult for PRTC to adjust to a new competitive regime after decades as a government-owned, government-run monopolist. But the Commission should not accept PRTC's blithe equation of the difficulties *it* will face in adjusting to competition with hypothetical difficulties that *its customers* might face as competition emerges.

In fact, telecommunications consumers in Puerto Rico will benefit from competition. By offering customers better service at competitive prices, local exchange competition will directly advance the achievement of universal service goals. For this reason, the Commission should reject PRTC's tired recitation of what might be called the monopolist's creed — the claim that competition will hurt end users, so regulation must be used to slow the development of competition while giving the monopolist more money. This tired, old argument was laid to rest by the Telecommunications Act of 1996, and the Commission should not countenance it in this proceeding.

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<sup>2</sup> PRTC announced on July 1, 1996 that it would reduce its intra-island long distance calling rates by as much as 47% for residential customers, and 50% for businesses, resulting in annual savings for customers of \$60 million. The price cut was announced after other carriers like AT&T, MCI, and Sprint said they would compete with PRTC in Puerto Rico. *Puerto Rico: PRTC Cuts Calling Rates*, Caribbean Update, No. 6, Vol. 12 (July 1, 1996).

## **II. PRTC SHOULD NOT RECEIVE UNIVERSAL SERVICE FUND PAYMENTS ON THE BASIS OF ITS EMBEDDED COSTS.**

Traditionally, universal service support payments have been based on the embedded costs of the carriers receiving support. Even in a monopoly environment, this approach is questionable, because it assumes that "high cost" carriers incur higher-than-normal costs for objective and unavoidable reasons — such as low population density or mountainous or swampy terrain — as opposed to inefficient monopoly management decisions. In a competitive environment, the traditional approach is totally untenable. In a competitive environment, basing universal service support on the incumbent monopolist's embedded costs amounts to a subsidy of its inefficiencies, to the detriment of consumers and competitors alike.

The Telecommunications Act of 1996 addresses these concerns. Section 254 requires universal service funding to be fair, equitable and explicit. Section 214(e) requires that competing carriers prepared to shoulder their fair share of universal service obligations be entitled to receive universal service funding on the same basis as incumbents.<sup>3</sup> Moreover, Section 253 expressly requires state-level universal service funding to be competitively neutral, and the Joint Board correctly concluded that Sections 254 and 214(e), combined with the overall purposes of the new law, required federal-level funding arrangements to be competitively neutral as well.<sup>4</sup>

As a general rule, it is hard to imagine how a funding regime based on embedded costs could be approved under the new law. Basing universal service funding on embedded costs perpetuates the inherent incentives for inefficiency present in most forms of cost-based regulation. A carrier entitled to universal service funding based solely on the level of costs it incurs to provide service has no incentive to force its costs down to an efficient level, and every incentive to inflate them. Just as the Commission concluded, years ago, that price cap regulation was

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<sup>3</sup> Centennial expects to be eligible to receive universal service funding in Puerto Rico under the terms of Section 214(e). See Section IV of these Reply Comments, *infra*.

<sup>4</sup> See In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, *Recommended Decision* (released November 8, 1996) ("*Recommended Decision*") at ¶¶ 3, 23.



superior to rate of return regulation even for dominant, monopoly LECs, the Joint Board has properly concluded that basing universal service funding on an objective estimate of an *efficient* level of costs is superior to basing such funding on embedded costs.<sup>5</sup>

The Joint Board, however, concluded that small, rural carriers should not immediately be subject to universal service funding reductions based on objective, proxy-based cost estimates.<sup>6</sup> While there is no question that small, rural carriers would benefit from increased incentives for efficiency, it is true that many rural carriers serve areas with objective cost characteristics that would lead to higher-than-average costs. In addition, a small carrier serving *only* a high-cost area might be unable to achieve the economies of scale that larger carriers could be expected to achieve. Also, existing proxy cost models apparently did not contain a great deal of data regarding the operations of small, rural LECs. For these reasons, the Joint Board concluded that rural LECs should continue to receive universal service funding based on estimates of embedded costs.<sup>7</sup>

Centennial understands, without necessarily endorsing, the Joint Board's conclusion that small, rural LECs should be permitted to receive universal service funding based on embedded costs, at least on an interim basis. But Centennial strongly opposes PRTC's claim that — despite its status as a government-owned, Tier 1 LEC — *it* should be permitted to continue to receive universal service funding on the basis of *its* embedded costs.<sup>8</sup>

PRTC claims that it should be entitled to receive high levels of embedded cost-based universal service funding based on the assertion that Puerto Rico is "insular," leading to

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<sup>5</sup> See *Recommended Decision* at ¶¶ 309-17.

<sup>6</sup> *Recommended Decision* at ¶ 298.

<sup>7</sup> *Recommended Decision* at ¶ 298.

<sup>8</sup> See PRTC Comments at 19-26.

unusually high costs associated with, for example, shipping materials to the island.<sup>9</sup> But PRTC has made no effort to quantify how much responsibility the island's supposed insularity actually bears for PRTC's higher-than-average costs.

PRTC's silence on this point may be due to the fact that the island is not quite as isolated and remote, in economic terms, as PRTC would have the Commission believe. According to the Puerto Rico Economic Development Administration ("EDA") — a sibling of PRTC's within the structure of the Puerto Rico government — Puerto Rico has a population of more than 3.6 million people, with a gross domestic product of nearly \$36 billion in 1993.<sup>10</sup> Moreover, the island is extremely well-connected to the mainland. The EDA reports:

"Puerto Rico has become the transportation center of the Caribbean because of its dominant position in regional trade, its developed industrial and service economy and its heavy passenger and cargo traffic with the U.S. Mainland.

"In fiscal year 1994, Puerto Rico's total external trade reached \$38.4 billion. This is a greater value of external trade than all the other Caribbean Islands combined. External trade demonstrates that companies produce goods cost-effectively in Puerto Rico and can distribute these goods under deadline requirements to the largest markets in the world.

"[Moreover, m]ost marine cargo destined for the Caribbean and Central and South America passes through San Juan harbor, the 4th busiest container port in the Western Hemisphere. About 40 independent shipping lines provide regular transport services to nearly 80 domestic and foreign ports. ... Because shipments to and from the U.S. Mainland are domestic, no special documentation or paperwork is required."

Puerto Rico is also a major air transportation hub. As the EDA explains:

"Over 30 scheduled airlines—both domestic and foreign—connect Puerto Rico with the rest of the United States, Latin America, the Caribbean and Europe. These airlines make more than 1,500 cargo-carrying flights to and from Puerto Rico each week. Today, the Luis Muñoz Marín International Airport in the San

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<sup>9</sup> PRTC Comments at 21-22, 28.

<sup>10</sup> All of the EDA materials cited here were downloaded from <http://www.pr-eda.com>, the EDA's World-Wide Web site, on January 9, 1997.

Juan metropolitan area ranks 22nd out of 250 U.S. airports in cargo movement, and is among the top 32 U.S. passenger airports."

On-island transportation facilities are also impressive:

"A well-developed highway system of more than 14,000 miles of paved roads and toll highways places every business within two hours of an airport or seaport. Cross-Island trucking time between the two largest centers of commerce, San Juan and Ponce, averages 90 minutes. Some 9,000 general and specialized trucking vehicles provide dependable services at competitive rates."

The EDA also explains that Puerto Rico has a large, highly educated work force; that economic growth, measured by real GDP increases, has been more than 3% per year each year since 1991; and that Puerto Rico-based manufacturing facilities are among the most efficient in the world.<sup>11</sup>

These factors, among others, led Centennial to conclude that providing telecommunications services to residents and businesses in this vibrant and growing economy presented a real opportunity. Yet they also suggest that something besides the island's supposed "insularity" is at work in explaining PRTC's high per-line costs.<sup>12</sup>

Centennial submits that PRTC's own history as a government-owned monopoly, free from normal business incentives to keep costs low and to provide high-quality, efficient service, is more likely to be the real explanation for PRTC's high costs. At a minimum, the Commission should be quite skeptical of PRTC's claim that a well-managed firm providing more than a million telephone lines to a \$36 billion economy will necessarily experience high costs due to its "insularity."

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<sup>11</sup> See note 10, *supra*.

<sup>12</sup> As noted in the *Recommended Decision*, Congress did not define what constitutes an "insular" area for purposes of Section 254. The examples provided in the legislative history, however, included truly remote locations such as the Pacific islands. See *Recommended Decision* at ¶ 7 & n.8. From this perspective, the information presented above suggests that Puerto Rico should probably not be regarded as "insular" at all.

Contrary to PRTC's suggestion, therefore, Centennial submits that the Joint Board wisely limited embedded cost-based universal service funding to "rural" LECs. Of course, some rural LECs may also be "insular." But if an allegedly "insular" LEC such as PRTC is large enough not to qualify for "rural" status, any presumption that it cannot achieve efficient cost levels through sound management and exploitation of economies of scale is simply unwarranted. To the contrary, PRTC's admission that it has been unable to manage its costs to reasonable levels, despite the vast opportunities that Puerto Rico presents, demonstrates in the clearest possible terms how profoundly PRTC needs to be subjected to the discipline of the marketplace in order to improve its own operating efficiencies.

### **III. PRTC SHOULD NOT BE ENTITLED TO ADDITIONAL UNIVERSAL SERVICE FUND PAYMENTS BASED ON ITS OWN HISTORICAL INABILITY TO ACHIEVE "ACCEPTABLE" SUBSCRIBERSHIP LEVELS.**

PRTC also argues that the average revenue per line component of the support calculation should be adjusted downward — leading to higher payments — for LECs with penetration levels substantially below the national average.<sup>13</sup> Given PRTC's own dismal 74% penetration rate, adoption of this proposal would significantly increase the universal service funding that PRTC would receive.

The Commission should reject this proposal. From Centennial's perspective, the only way a competitive firm can obtain customers is by providing good service at competitive prices. Assuming for the moment that PRTC's prices for residential service are truly "competitive," PRTC's analysis ignores the fact that people may not be subscribing to its services because they have reasonably concluded that the quality of those services is so low that they are not worth the price. Long delays for installation, poor response to maintenance needs, and other problems could well convince consumers — particularly those of modest means — that their disposable income is better spent elsewhere.

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<sup>13</sup> See PRTC Comments at 26-27.

This Commission should be aware that problems with PRTC's service are, indeed, severe. To use a recent example, the Associated Press reports that essentially all telephone service on the island was disrupted for three hours on the evening of September 29, 1996.<sup>14</sup> But PRTC's service problems are not merely anecdotal; longer term statistics also bear out this conclusion. Because PRTC is a government entity, complaints regarding its services are filed with the Puerto Rico government's Office of the Ombudsman. Based on the most recently available figures, PRTC has experienced double-digit increases in the number of complaints filed against it for each of the last three fiscal years, increasing from 622 during the 1991-92 fiscal year to 3,005 during the 1994-95 fiscal year, for a total increase of 483% over that period.<sup>15</sup> Indeed, as of the 1994-1995 fiscal year, telephone service-related complaints comprised 27% of the total complaints recorded by the Ombudsman. The total of 3,005 telephone service-related complaints exceeded by 20% the next-closest "contender" government-operated utility, the Water and Sewer Authority (which had 2,529 complaints), and was 600% above the complaint level experienced by the third major government-run utility, the Electric Energy authority.<sup>16</sup>

These facts strongly suggest that PRTC's basic assumption — that its penetration is low because its prices are too high — is wrong. Evidence from other jurisdictions also bears out this conclusion. For example, in response to penetration rates significantly below national averages, the District of Columbia Public Service Commission in 1992 directed Bell Atlantic's District of Columbia subsidiary to offer basic service to low-income senior citizens for a rate of only \$1.00 per month, and to offer service to other low-income consumers for only \$3.00 per

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<sup>14</sup> See Associated Press, *Telephone Outage Affects Nearly All of Puerto Rico* (Tuesday, October 1, 1996).

<sup>15</sup> Ombudsman's 1994-1995 Annual Report, Table 6.

<sup>16</sup> Ombudsman's 1994-1995 Annual Report, Table 7. PRTC's complaint total was at least 400% above the levels experienced by any of the eleven remaining government departments with regard to which the Ombudsman collects statistics. *Id.* Centennial will provide copies of the Ombudsman's Report upon request.

month.<sup>17</sup> Yet despite the availability of these extremely low rates, penetration in the District remained essentially flat.<sup>18</sup> This shows that shipping extra money to PRTC, even if that money were directly targeted to lower residential rates, would not necessarily address the underlying problem of low penetration.

Consequently, while the low subscribership levels in Puerto Rico are a cause for concern, it would make no sense to respond to that concern by giving more money to the firm that has had so much trouble attracting customers in the first place. Combined with PRTC's proposal to base its universal service support payments on its embedded costs, its overall strategy appears to be to seek *rewards* not only for providing poor service, but for providing even its poor service in an inefficient way. It is inconceivable that such a proposal would serve the public interest in increasing telephone penetration in Puerto Rico.

#### **IV. THE COMMISSION CAN PROMOTE UNIVERSAL SERVICE AND LOCAL EXCHANGE COMPETITION BY HARMONIZING SECTIONS 332(c)(3)(A), 254(d) AND 214(e).**

Some commenters have raised concerns that CMRS providers might be required to contribute to universal service funding under Section 254(d), yet not be entitled to receive funding under Section 214(e) by virtue of not being able to provide the full panoply of services covered by the definition of "universal service."<sup>19</sup> Centennial is in a similar, but slightly different

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<sup>17</sup> See C&P Telephone Company, Formal Case No. 850, Order No. 9927, 13 D.C.P.S.C. 67, 130 P.U.R.4th 310 (1992).

<sup>18</sup> In July 1991, penetration in the District was 89.7%. See C&P Telephone Company, Formal Case No. 850, Order No. 9927, 13 D.C.P.S.C. 67, 130 P.U.R.4th 310 (1992) at ¶ 38. By year-end 1995, penetration had increased only slightly, to 90.9%. See Common Carrier Bureau, Telephone Subscribership Report (September 18, 1996) at Table 2.

<sup>19</sup> See, e.g., Comments of Celpage, Inc., CC Docket No. 96-45 (December 19, 1996), *passim*. The *Recommended Decision* defined the supportable services to include: voice grade access to the public switched network, with the ability to place and receive calls; touch-tone or dual tone multi-frequency signaling or its functional equivalent; single party service; access to emergency services; (continued...)

position. Centennial expects to be able to provide all of the services needed to qualify for universal service funding on a competitively neutral basis with PRTC, but is concerned that it will be "taxed" to support PRTC's universal service efforts under Section 254(d), prior to being permitted to receive universal service funding under Section 214(e).

This matter is of particular concern to Centennial because many of Puerto Rico's unserved areas would be much better served by the deployment of wireless service, which obviates the need to place long loops over sometimes rugged terrain, than by the wireline service that PRTC would be trying to deploy in those areas. It simply makes no sense to require Centennial to divert funds that could be used to efficiently *provide* universal service in some areas to fund efforts by its inefficient monopolist rival to expand service to those areas using inappropriate, high-cost wireline technologies.

The solution to this dilemma is for the Commission to harmonize the operation of several distinct statutory provisions that apply to CMRS providers. First, the Commission should expressly interpret Section 214(e) to require state commissions to certify CMRS providers as "eligible telecommunications carriers," as long as those firms are prepared to offer the requisite set of services and meet the other requirements of Section 214(e). In order to eliminate ambiguity, the Commission should specify that a CMRS provider may not be denied status as "eligible" under Section 214(e) by virtue of the fact that the firm may not be subject to regulation under the terms of Section 332(c)(3)(A).<sup>20</sup> These rulings will ensure that CMRS providers

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<sup>19</sup>(...continued)

access to operator services; access to interexchange services; and access to directory assistance. In addition, carriers are to receive support for the provision of toll blocking and limitation services for low income consumers and to enhanced 911, to the extent carriers are capable of providing such access. *Recommended Decision* at ¶ 4.

<sup>20</sup> Section 332(c)(3)(A) forbids states from regulating a CMRS provider, or imposing universal service funding obligations on such a firm, until that provider's services "substitute for land line telephone exchange service for a substantial portion of the communications within such State." This provision was not repealed or amended by the Telecommunications Act of 1996. The Commission, therefore, should try to harmonize the operation of this provision with the newly enacted sections of the law relating to universal service.

prepared to shoulder the burdens of providing universal service will be able to compete fairly with incumbent LECs who receive universal service support in a given area.<sup>21</sup>

Second, the Commission should rule that until a CMRS provider has achieved sufficient penetration to meet the test of Section 332(c)(3)(A), the scope of its activities should be deemed sufficiently small to presumptively qualify for Section 254(d)'s "de minimis" exemption from universal service funding obligations. Similarly, the Commission should rule that the same exemption should be applied by states under Section 254(f), in order to meet that section's requirement that state funding mechanisms be "not inconsistent" with this Commission's rules. These rulings will avoid forcing entrepreneurial new entrants to underwrite their rivals' competitive activities, at least until the new entrants have achieved a certain minimum level of market parity with the incumbent.<sup>22</sup>

Taken together, these rulings will provide sound incentives for CMRS providers to offer universal service within their operating territories — to the benefit of consumers. At the same time, these rulings would eliminate the possibility of a perverse form of regulatory "taxation" of aggressive new competitors for the benefit of the incumbent monopolists with whom they will be competing.

## CONCLUSION

The Commission should reject PRTC's efforts to use universal service funding as a way to obtain financial rewards for its own inefficient management and ineffective marketing, as well as its claims that the introduction of local exchange competition in the vibrant and

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<sup>21</sup> These rulings would be entirely consistent with the *Recommended Decision's* discussion of this question. See *Recommended Decision* at ¶¶ 155-64. As noted in the text, however, unique questions relating to CMRS providers indicate that a clarification would be useful.

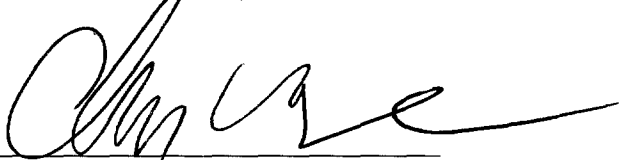
<sup>22</sup> The *Recommended Decision* suggests a narrower reading of the de minimis exemption. See *Recommended Decision* at ¶¶ 799-901. The *Recommended Decision*, however, appears not to have addressed the significance of Section 332(c)(3)(A).



growing Puerto Rico economy is in any way inconsistent with the achievement of universal service goals. As discussed above, the Commission should also clarify that CMRS providers such as Centennial are entitled to receive universal service support on the same basis as other carriers meeting the requirements of Section 214(e), but that such firms will not be unfairly taxed to support the competitive efforts of their incumbent LEC monopolist rivals until they have established a sufficiently sound position in the market.

Respectfully submitted,

**CENTENNIAL CELLULAR CORP.**

By: 

Christopher W. Savage

Navid C. Haghighi

**COLE, RAYWID & BRAVERMAN, L.L.P.**

1919 Pennsylvania Avenue, N.W.

Suite 200

Washington, D.C. 20006

202-659-9750

Its Attorneys

January 10, 1997

## **CERTIFICATE OF SERVICE**

I, Linda M. Blair, a secretary with the law firm of Cole, Raywid & Braverman, L.L.P., do hereby certify that copies of the foregoing were sent via first-class, postage prepaid, United States mail, this 10th day of January 1997, to the following:

William F. Caton\*  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Sheryl Todd\*  
Common Carrier Bureau  
Federal Communications Commission  
2100 M Street, N.W., Room 8611  
Washington, D.C. 20554

ITS\*  
2100 M Street, N.W.  
Room 140  
Washington, D.C. 20037

The Honorable Reed E. Hundt  
Chairman  
Federal Communications Commission  
1919 M Street, N.W., Room 814  
Washington, D.C. 20554

The Honorable Rachelle B. Chong  
Commissioner  
Federal Communications Commission  
1919 M Street, N.W., Room 844  
Washington, D.C. 20554

The Honorable Susan Ness  
Commissioner  
Federal Communications Commission  
1919 M Street, N.W., Room 832  
Washington, D.C. 20554

The Honorable Julia Johnson  
Commissioner  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Gerald Gunter Building  
Tallahassee, FL 32399-0850

The Honorable Kenneth McClure  
Commissioner  
Missouri Public Service Commission  
301 W. High Street, Suite 530  
Jefferson City, MO 65101

The Honorable Sharon L. Nelson  
Chairman  
Washington Utilities and Transportation  
Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

The Honorable Laska Schoenfelder  
Commissioner  
South Dakota Public Utilities Commission  
State Capitol  
500 E. Capitol Street  
Pierre, SD 57501-5070

Martha S. Hogerty  
Public Counsel for the State of Missouri  
P.O. Box 7800  
Jefferson City, MO 65102

Paul E. Pederson  
State Staff Chair  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

Lisa Boehley  
Federal Communications Commission  
2100 M Street, N.W., Room 8605  
Washington, D.C. 20554

Charles Bolle  
South Dakota Public Utilities Commission  
State Capitol  
500 E. Capitol Street  
Pierre, SD 57501-5070

Deonne Bruning  
Nebraska Public Service Commission  
300 The Atrium  
1200 N Street  
P.O. Box 94927  
Lincoln, NE 68509-4927

James Casserly  
Federal Communications Commission  
Office of Commissioner Ness  
1919 M Street, N.W., Room 832  
Washington, D.C. 20554

John Clark  
Federal Communications Commission  
2100 M Street, N.W., Room 8619  
Washington, D.C. 20554

Bryan Clopton  
Federal Communications Commission  
2100 M Street, N.W., Room 8615  
Washington, D.C. 20554

Irene Flannery  
Federal Communications Commission  
2100 M Street, N.W., Room 8922  
Washington, D.C. 20554

Daniel Gonzalez  
Federal Communications Commission  
Office of Commissioner Chong  
1919 M Street, N.W., Room 844  
Washington, D.C. 20554

Emily Hoffnar  
Federal Communications Commission  
2100 M Street, N.W., Room 8623  
Washington, D.C. 20554

L. Charles Keller  
Federal Communications Commission  
2100 M Street, N.W., Room 8918  
Washington, D.C. 20554

Lori Kenyon  
Alaska Public Utilities Commission  
1016 West Sixth Avenue  
Suite 400  
Anchorage, AK 99501

David Krech  
Federal Communications Commission  
2025 M Street, N.W., Room 7130  
Washington, D.C. 20554

Debra M. Kriete  
Pennsylvania Public Utilities Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Diana Law  
Federal Communications Commission  
2100 M Street, N.W., Room 8920  
Washington, D.C. 20554

Mark Long  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Gerald Gunter Building  
Tallahassee, FL 32399

Robert Loube  
Federal Communications Commission  
2100 M Street, N.W., Room 8914  
Washington, D.C. 20554

Samuel Loudenslager  
Arkansas Public Service Commission  
P.O. Box 400  
Little Rock, AR 72203-0400

Sandra Makeeff  
Iowa Utilities Board  
Lucas State Office Building  
Des Moines, IA 50319

Philip F. McClelland  
Pennsylvania Office of Consumer  
Advocate  
PA Public Utility Commission  
1425 Strawberry Square  
Harrisburg, PA 17120

Michael A. McRae  
D.C. Office of the People's Counsel  
1133 -15th Street, N.W., Suite 500  
Washington, D.C. 20005

Tejal Mehta  
Federal Communications Commission  
2100 M Street, N.W., Room 8625  
Washington, D.C. 20554

Terry Monroe  
New York Public Service Commission  
3 Empire Plaza  
Albany, NY 12223

John Morabito  
Deputy Division Chief  
Accounting and Audits  
Federal Communications Commission  
2000 L Street, N.W., Room 812  
Washington, D.C. 20554

Mark Nadel  
Federal Communications Commission  
2100 M Street, N.W., Room 8916  
Washington, D.C. 20554

John Nakahata  
Federal Communications Commission  
Office of the Chairman  
1919 M Street, N.W., Room 814  
Washington, D.C. 20554

Lee Palagyi  
Washington Utilities and  
Transportation Commission  
1300 S. Evergreen Park Dr., SW  
Olympia, WA 98504

Kimberly Parker  
Federal Communications Commission  
2100 M Street, N.W., Room 8609  
Washington, D.C. 20554

Barry Payne  
Indiana Office of the Consumer Counsel  
100 North Senate Avenue  
Room N501  
Indianapolis, IN 46204-2208

Jeanine Poltronieri  
Federal Communications Commission  
2100 M Street, N.W., Room 8924  
Washington, D.C. 20554

James Bradford Ramsay  
National Association of Regulatory  
Utility Commissioners  
P.O. Box 684  
Washington, D.C. 20044-0684

Brian Roberts  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Gary Seigel  
Federal Communications Commission  
2000 L Street, N.W., Room 812  
Washington, D.C. 20554

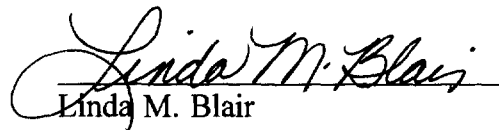
Richard Smith  
Federal Communications Commission  
2100 M Street, N.W., Room 8605  
Washington, D.C. 20554

Pamela Szymczak  
Federal Communications Commission  
2100 M Street, N.W., Room 8912  
Washington, D.C. 20554

Lori Wright  
Federal Communications Commission  
2100 M Street, N.W., Room 8603  
Washington, D.C. 20554

Anna Gomez  
Federal Staff Chair  
Federal Communications Commission  
2100 M Street, N.W., Room 8617  
Washington, D.C. 20036

Michael Pryor  
Federal Communications Commission  
2100 M Street, N.W., Room 8905  
Washington, D.C. 20554

  
Linda M. Blair

\*via hand delivery